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**FISCAL IMPACT STATEMENT**

**LS 7275**

**BILL NUMBER:** HB 1765

**NOTE PREPARED:** Jan 3, 2007

**BILL AMENDED:**

**SUBJECT:** Sales Tax Exemption for Coins and Bullion.

**FIRST AUTHOR:** Rep. Borror

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ GENERAL  
☒ DEDICATED  
☐ FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill provides a Sales and Use Tax exemption for investment coins and investment metal bullion.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** This bill will increase the administrative costs of the Department of State Revenue (DOR). The DOR will have to amend the Sales Tax forms, as well as update computer software. It is estimated that the provisions of this bill can be implemented within the existing level of resources available to the DOR.

**Explanation of State Revenues:** This bill will decrease Sales Tax revenue by an estimated \$20,000 to \$25,000 annually.

This bill provides a Sales Tax exemption for the purchase of: (1) coins and other tender with a fair market value higher than its face value; and (2) certain bullion. This estimate is based on national sales data from the *2002 Economic Census* of used merchandise retailers, and assumes that Indiana's portion of these national sales is proportional to either Indiana's percentage of 2005 U.S. disposable income or Indiana's percentage of the 2005 U.S. population.

Sales Tax revenue is deposited in the: Property Tax Replacement Fund (50%), the state General Fund (49.192%), the Public Mass Transportation Fund (0.635%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Fund (0.033%).

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:**

**Information Sources:** *2002 Economic Census Retail Trade Report.*

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